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7 SEMICONDUCTOR CORPORATION, and
FAIRCHILD (TAIWAN) CORPORATION

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

12 **POWER INTEGRATIONS, INC.,**
a Delaware corporation,

Case No. 09-cv-05235- MMC

Plaintiff,

v.

15 FAIRCHILD SEMICONDUCTOR
16 INTERNATIONAL, INC., a Delaware
17 corporation, FAIRCHILD SEMICONDUCTOR
18 CORPORATION, a Delaware corporation, and
FAIRCHILD (TAIWAN) CORPORATION, a
Taiwanese corporation,

**FAIRCHILD'S NOTICE OF MOTION
AND MOTION TO STAY PENDING U.S.
SUPREME COURT DECISION IN *DEX
MEDIA, INC. v. CLICK-TO-CALL*
(No. 18-916)**

Date: September 6, 2019

Time: 9:00 a.m.

Courtroom: 7, 19th Floor

Honorable Maxine Chesney

TABLE OF CONTENTS

	Page
I. INTRODUCTION	2
II. BACKGROUND	3
III. ARGUMENT	5
A. Governing Law.....	5
B. A Stay Will Not Damage Power Integrations	6
C. Denying A Stay Is Likely To Impose Hardship And Inequity On Fairchild	7
D. A Stay Is Likely To Simplify Issues, Proof, And Questions Of Law	7
IV. CONCLUSION.....	8

TABLE OF AUTHORITIES (cont'd)

	Page(s)
Cases	
<i>CMAX, Inc. v. Hall</i> , 300 F.2d 265 (9th Cir. 1962).....	5, 6
<i>Dependable Highway Exp., Inc. v. Navigators Ins. Co.</i> 498 F.3d 1059 (9th Cir. 2007).....	6
<i>Dex Media, Inc. v. Click-to-Call</i> (No. 18-916).....	<i>passim</i>
<i>Gustavson v. Mars, Inc.</i> , Case No. 13-cv-04537-LHK, 2014 WL 6986421 (N.D. Cal. Dec. 10, 2014)	5
<i>Landis v. N. Am. Co.</i> , 299 U.S. 248 (1936) (Cardozo, J.)	2, 5, 8
<i>Leyva v. Certified Grocers of Cal., Ltd.</i> , 593 F.2d 857 (9th Cir. 1979).....	5, 6
<i>Lockyer v. Mirant Corp.</i> , 398 F.3d 1098 (9th Cir. 2005).....	5, 6, 8
<i>Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.</i> , No. 1:04-cv-01371-LPS (D. Del. Jan.19, 2018), D.I. 966	7
<i>Power Integrations, Inc. v. Semiconductor Components Indus., LLC</i> , 926 F.3d 1306 (Fed. Cir. 2019).....	3, 4
<i>United States v. Cortez-Ruiz</i> , 225 F. Supp. 3d 1093 (N.D. Cal. 2016)	8
<i>Wi-Fi One, Inc. LLC v. Broadcom Corp.</i> , 878 F.3d 1364 (Fed. Cir. 2018) (en banc).....	2, 4, 7
<i>Yong v. INS</i> , 208 F.3d 1116 (9th Cir. 2000).....	8
Statutes	
35 U.S.C. § 314(d)	2, 4
35 U.S.C. § 315(b)	1, 2, 3, 4
35 U.S.C. § 315(d)	1, 2

1 TABLE OF AUTHORITIES (cont'd)**2 Page(s)****3 Other Authorities**

4 *Changes to Implement Inter Partes Review Proceedings, Post-Grant Review
5 Proceedings, and Transitional Program for Covered Business Method Patents,*
6 77 Fed. Reg. 157 at 48680-82 (Aug. 14, 2012) (to be codified at 37 C.F.R. §
7 42.100 *et seq*) 4

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NOTICE OF MOTION AND MOTION

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3 PLEASE TAKE NOTICE that on September 6, 2019 at 9:00 a.m. or as soon thereafter as
 4 the matter may be heard, in the courtroom of the Honorable Maxine Chesney at the United States
 5 District Court for the Northern District of California, San Francisco Division, located at San
 6 Francisco Courthouse, Courtroom 7 - 19th floor, 450 Golden Gate Avenue, San Francisco, CA
 7 94102, defendants Fairchild Semiconductor International, Inc., Fairchild Semiconductor
 8 Corporation, and Fairchild (Taiwan) Corporation, Inc. (collectively “Fairchild”), will and hereby
 9 do move the Court for an order staying this action pending the decision by the United States
 10 Supreme Court in *Dex Media, Inc. v. Click-to-Call* (No. 18-916), which is expected in early 2020.

11

STATEMENT OF RELIEF REQUESTED

12 Fairchild requests an order staying this patent infringement action until the United States
 13 Supreme Court issues a decision next year in *Dex Media, Inc. v. Click-to-Call*. On June 24, 2019,
 14 the United States Supreme Court granted petitioner Dex Media’s petition for a writ of certiorari
 15 on an issue that could dispose of this case: “Whether 35 U.S.C. § 315(d) permits appeal of the
 16 PTAB’s decision to institute an *inter partes* review upon finding that § 315(b)’s time bar did not
 17 apply.” (See Liu Decl. Ex.¹A.) If the Supreme Court finds for Dex Media, the decisions by the
 18 USPTO’s Patent Trial and Appeal Board (PTAB) cancelling all the asserted claims of U.S. Patent
 19 Nos. 6,212,079 (the ‘079 patent) and 6,538,908 (the ‘908 patent) will likely be reinstated, which
 20 has a high probability of eliminating these patents from the case. The benefit to the parties and
 21 the Court in time and money saved outweigh the risk of moving forward with a *third* damages
 22 retrial only to have the Supreme Court undo everything less than twelve months from now. This
 23 is especially true because Power Integrations will not be prejudiced by the hiatus: this is a
 24 damages-only trial and Power Integration is not seeking an injunction. Harm to Power
 25 Integrations, if any, is fully compensable in money.

26

27 ¹ All references to “Ex.” are to the Declaration of Jenny Liu in Support of Fairchild’s Motion to
 28 Stay Pending U.S. Supreme Court Decision in *Dex Media, Inc. v. Click-to-Call* (No. 18-916)
 (“Liu Decl.”) filed herewith.

1 **I. INTRODUCTION**

2 On September 22, 2017 and January 25, 2018 the PTAB cancelled all asserted claims of
 3 the '079 patent and the '098 patent—the two patents at issue in this case. (Liu Decl. Exs. C and
 4 D.) Power Integrations appealed the PTAB's decision to institute the IPR, arguing that it was not
 5 timely, despite plain statutory language that the PTAB's determination to "institute an inter partes
 6 review under this section shall be *final and nonappealable*." 35 U.S.C. § 314(d) (emphasis
 7 added). Power Integrations' appeal was possible only because the Federal Circuit held that the
 8 bar on judicial review of institution decisions does not apply to timeliness determinations. *Wi-Fi*
 9 *One, Inc. LLC v. Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018) (en banc).

10 On June 24, 2019, the United States Supreme Court granted certiorari in *Dex Media, Inc.*
 11 *v. Click-to-Call* (No. 18-916), which directly addresses the continued viability of the *Wi-Fi One*
 12 holding. (Liu Exs. A and B.) The issue in *Dex Media* is "[w]hether 35 U.S.C. § 315(d) permits
 13 appeal of the PTAB's decision to institute an inter partes review upon finding that § 315(b)'s time
 14 bar did not apply." (Liu Ex. B at i.) If the Supreme Court determines that section 314(d) means
 15 what it says, it will reverse *Wi-Fi One* and the PTAB's cancellation of the '079 and '908 patent
 16 claims will be reinstated.

17 Because the Supreme Court will, less than one year from now, issue a decision that
 18 promises to simplify (and likely entirely dispose of) this case, a stay is appropriate. A stay does
 19 not harm Power Integrations, since this is a damages-only retrial and Power Integrations seeks no
 20 injunctive or declaratory relief. Harm, if any, caused by the delay is fully compensable. Denying
 21 a stay, on the other hand, is likely to impose hardship, inequity, and needless expense on Fairchild
 22 and the Court. Fairchild has expended significant time and money defending against Power
 23 Integrations' unreasonable damages claims *twice* in this Court as well as on appeal. Forcing
 24 Fairchild to undertake—and this Court to hear—yet another damages retrial that could soon be
 25 undone by the stroke of the Supreme Court's pen does not serve the interest of "economy of time
 26 and effort for itself, for counsel, and for litigants." *Landis v. N. Am. Co.*, 299 U.S. 248, 254
 27 (1936) (Cardozo, J.).

1 **II. BACKGROUND**

2 On November 4, 2009, Power Integrations sued Fairchild for infringement of certain
 3 claims of the '079 patent. On November 18, 2015, ON Semiconductor entered into an agreement
 4 to merge with Fairchild. On March 29, 2016, before the merger was consummated, ON
 5 Semiconductor filed an IPR challenging the asserted claims of the '079 patent. The Fairchild-ON
 6 Semiconductor merger closed several months later on September 19, 2016. The PTAB instituted
 7 ON Semiconductor's IPR several days after that on September 23, 2016. ON Semiconductor also
 8 filed an IPR challenging the asserted claims of the '908 patent, which was instituted on October
 9 31, 2016.

10 Power Integrations challenged the PTAB's decisions to institute based on 35 U.S.C.
 11 § 315(b), which provides that “[a]n inter partes review may not be *instituted* if the petition
 12 requesting the proceeding is *filed* more than 1 year after the date on which the petitioner . . . is
 13 served with a complaint alleging infringement of the patent.” (Emphases added.) Because
 14 Fairchild had been served with a complaint on the '079 and '908 patents several years prior, and
 15 because Fairchild and ON Semiconductor were in privity when the IPR was *instituted*, Power
 16 Integrations argued that Fairchild's petition was not timely filed.

17 The PTAB disagreed. It determined—as the statute makes clear—that the relevant time
 18 for assessing whether a third party is in privity with a petitioner is when “the petition requesting
 19 the proceeding was *filed*.” 35 U.S.C. § 315(b). (See Liu Ex. C at 14.) Because ON
 20 Semiconductor was not in privity with Fairchild when ON Semiconductor *filed* the IPR, the IPR
 21 petition was timely, and the IPR could proceed. The PTAB then cancelled all asserted claims of
 22 the '079 patent, and also cancelled all asserted claims of the '908 patent in a parallel IPR
 23 proceeding.

24 Power Integrations appealed to the Federal Circuit, which reversed both PTAB decisions
 25 concerning the '079 and '908 patents, and held that that the relevant time for assessing whether a
 26 third party is in privity with an IPR petitioner is when the PTAB institutes the IPR. *Power*
 27 *Integrations, Inc. v. Semiconductor Components Indus., LLC*, 926 F.3d 1306 (Fed. Cir. 2019). As
 28 a consequence, the PTAB's cancellation of the '079 and '908 patent claims was reversed on

1 procedural, but not substantive, grounds. As Fairchild noted in the June 28, 2019, Joint Notice of
 2 Federal Circuit Decision, Fairchild believes that the Federal Circuit erred. (D.I. 1085 at 4–5.)
 3 ON Semiconductor, Fairchild’s parent, intends to seek *en banc* review. (*Id.*)

4 Fairchild’s motion to stay rests on different but related grounds.² After the Federal
 5 Circuit’s decision, the United States Supreme Court granted a petition for certiorari in *Dex Media,*
 6 *Inc. v. Click-to-Call* on a question that could, in fairly short order, lead to the disposition of the
 7 asserted ’079 patent claims entirely.

8 Power Integrations appealed the PTAB’s decision that ON Semiconductor’s petition was
 9 timely despite plain statutory language that the PTAB’s determination “whether to institute an
 10 inter partes review under this section shall be *final and nonappealable*.³” 35 U.S.C. § 314(d)
 11 (emphasis added). Power Integrations’ appeal was possible only because the Federal Circuit had
 12 previously held, in a fractured opinion, that the bar on judicial review of institution decisions in §
 13 314(d) does not apply to timeliness determinations made under § 315(b). *Wi-Fi One, Inc. LLC v.*
 14 *Broadcom Corp.*, 878 F.3d 1364 (Fed. Cir. 2018) (*en banc*). The Federal Circuit did so despite
 15 clear statutory language otherwise and despite Congressional intent to “establish a more efficient
 16 and streamlined patent system that will improve patent quality and limit unnecessary and
 17 counterproductive litigation costs” and “to create a timely, cost-effective alternative to litigation.”
 18 *Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and*
 19 *Transitional Program for Covered Business Method Patents*, 77 Fed. Reg. 157 at 48680-82 (Aug.
 20 14, 2012) (to be codified at 37 C.F.R. § 42.100 *et seq.*).

21 The *Dex Media* case, which the Supreme Court will hear and decide this term, squarely
 22 addresses the continued validity of *Wi-Fi One*’s holding. The Supreme Court granted review on
 23 “[w]hether 35 U.S.C. § 314(d) permits appeal of the PTAB’s decision to institute an inter partes
 24 review upon finding that § 315(b)’s time bar did not apply.” See Liu Decl. Exs. A and B (cert.
 25

26 ² As previewed in the Joint Notice, ON Semiconductor has now petitioned for *en banc* review in
 27 *Power Integrations, Inc. v. Semiconductor Components Indus., LLC*, 926 F.3d 1306 (Fed. Cir.
 28 2019) by July 29, 2019. (D.I. 1085 at 4–5.) That, however, is not the basis for this motion. If the
 Federal Circuit does grant rehearing *en banc*, Fairchild reserves the right to add the *en banc*
 rehearing as an additional, independent ground for a stay.

1 granted June 24, 2019). If the Supreme Court finds that the PTAB’s section 315(b)’s
 2 determination is “final and nonappealable,” the Federal Circuit’s vacatur of the IPR proceedings
 3 concerning the ’079 and ’908 patents will be set aside, which will very likely lead to the
 4 reinstatement of the PTAB’s cancellation of the asserted claims of the ’079 and ’908 patents.

5 **III. ARGUMENT**

6 **A. Governing Law**

7 “[T]he power to stay proceedings is incidental to the power inherent in every court to
 8 control the disposition of the causes on its docket with economy of time and effort for itself, for
 9 counsel, and for litigants.” *Landis*, 299 U.S. at 254. This power includes the discretion to grant
 10 stays “pending resolution of independent proceedings which bear upon the case.” *Leyva v.*
 11 *Certified Grocers of Cal., Ltd.*, 593 F.2d 857, 863 (9th Cir. 1979); *see also Gustavson v. Mars,*
 12 *Inc.*, Case No. 13-cv-04537-LHK, 2014 WL 6986421, at *2 n.2 (N.D. Cal. Dec. 10, 2014) (where
 13 “a party seeks to stay a civil proceeding pending resolution of another civil proceeding,
 14 the *Landis* factors apply.”) Moreover, “[t]his rule applies whether the separate proceedings are
 15 judicial, administrative, or arbitral in character, and does not require that the issues in such
 16 proceedings are necessarily controlling of the action before the court.” *Leyva*, 593 F.2d at 863–
 17 64 (citations omitted).

18 The inherent power of district courts to grant stays “calls for the exercise of sound
 19 discretion,” by which a court must weigh the competing interests of the parties that would be
 20 affected by a grant or denial of a stay. *CMAX, Inc. v. Hall*, 300 F.2d 265, 268 (9th Cir. 1962);
 21 *accord Landis*, 299 U.S. at 254–55. The Ninth Circuit has identified three competing interests for
 22 the district court to consider: (1) “the possible damage which may result from the granting of
 23 a stay,” (2) “the hardship or inequity which a party may suffer in being required to go forward,”
 24 and (3) “the orderly course of justice measured in terms of the simplifying or complicating of
 25 issues, proof, and questions of law which could be expected to result from a stay.” *Lockyer v.*
 26 *Mirant Corp.*, 398 F.3d 1098, 1110 (9th Cir. 2005) (citation omitted). Every one of these
 27 interests weighs in favor of a stay.

28

1 **B. A Stay Will Not Damage Power Integrations**

2 This is a damages-only retrial and Power Integrations seeks no injunctive or declaratory
 3 relief. (*See, e.g.*, D.I. 1085 at 2 (there is “nothing left to resolve but damages in this case”).)
 4 Thus, granting a stay imposes no damage on Power Integrations since any delay is compensable.
 5 *See, e.g.*, *Lockyer*, 398 F.3d at 1110 (non-movant seeking no injunctive or declaratory relief
 6 suffers no harm because stay “would result, at worst, in a delay in monetary recovery”)
 7 (referencing *CMAX*, 300 F.2d at 268–69). Compare this, for instance, to *Dependable Highway*
 8 *Exp., Inc. v. Navigators Ins. Co.*, which found a “‘fair possibility’ of damage” where a stay would
 9 force the non-movant to arbitrate in England “when it remains unclear whether [the non-movant]
 10 even agreed to arbitrate and where [the English court] has already levied legal and equitable
 11 penalties against it.” 498 F.3d 1059, 1066 (9th Cir. 2007). Power Integrations’ position is not
 12 comparable. If the ’079 patent ultimately survives, Power Integrations will again get its day in
 13 court to try its damages case.

14 While Power Integrations will undoubtedly complain about the time it has taken to collect
 15 damages, the blame for that falls squarely on its own shoulders. Power Integrations has *twice*
 16 presented overly aggressive damages positions. (*See* D.I. 666 (2014 order granting Fairchild’s
 17 motion for reconsideration on damages), D.I. 1075, 1078 (Federal Circuit award vacating
 18 damages award).) If this case were to proceed to retrial it would be the *third* time this Court has
 19 addressed damages. Had Power Integrations (and its experts) followed black-letter
 20 apportionment and damages law instead of attempting to improperly inflate damages, it could
 21 have saved the parties, this Court, and the court of appeals a great deal of time, expense, and
 22 effort.

23 In any event, the stay that Fairchild seeks will conclude within a reasonable time. The
 24 Supreme Court will issue its opinion in less than a year and could act much faster. *See Leyva*,
 25 593 F.2d at 864 (“stay should not be granted unless it appears likely the other proceedings will be
 26 concluded with a reasonable time in relation to the urgency of the claims presented to the court”).
 27 Given the history of this case—including Power Integrations’ prior damages positions—there is
 28

1 no downside but plenty of upside to waiting less than a year for the Supreme Court's decision
 2 before redoing damages for a third time.³

3 **C. Denying A Stay Is Likely To Impose Hardship And Inequity On**
Fairchild

4 Fairchild has expended significant time and money defending against Power Integrations'
 5 unsustainable damages claims *twice* in this Court and also on appeal. Forcing Fairchild to
 6 undertake yet another damages retrial that could be undone by the stroke of the Supreme Court's
 7 pen will impose hardship, inequity, and needless expense on Fairchild. This is especially true
 8 because Power Integrations has done nothing to assure Fairchild or this Court that it will take a
 9 more reasonable position this time round: "Damages," it recently told the Court, "are enormous."
 10 (D.I. 1085 at 4.)

11 **D. A Stay Is Likely To Simplify Issues, Proof, And Questions Of Law**

12 There can be no dispute that the Supreme Court's *Dex Media* decision is likely to simplify
 13 the issues, proof, and questions of law. If the Supreme Court finds for Dex Media—as it
 14 should—the Federal Circuit's *WiFi-One* decision will be vacated in relevant part, likely
 15 reinstating the PTAB's cancellation of the '079 and '908 patent claims.

16 Power Integrations' position that this Court should blindly charge ahead is curious. (See
 17 D.I. 1085 at 2–4.) Just last year, Power Integrations asked Judge Leonard Stark to stay C.A. No.
 18 04-1371-LPS (D. Del.) "to minimize the burden on the Court and the parties and to take account
 19 of the Supreme Court's opinion this term in the case *WesternGeco LLC v. ION Geophysical*
 20 *Corp.*, which is likely to have a significant impact on this case. . . . This past Friday, the Supreme
 21 Court granted cert." (Jt. Status Report at 1, *Power Integrations, Inc. v. Fairchild Semiconductor*
 22 *Int'l, Inc.*, No. 1:04-cv-01371-LPS (D. Del. Jan. 19, 2018), D.I. 966) In that case, Power
 23 Integrations argued that "Fairchild's argument is premised fundamentally on the assumption that
 24 the Federal Circuit's analysis and decision is correct. If the Supreme Court decides in
 25 *WesternGeco* that it was not, the Federal Circuit decision will be vacated and the issues will have
 26

27 ³ While it is certain that the Supreme Court will issue its opinion by June 2020, it is also possible
 28 that it will do so much sooner given that briefing will be complete by year's end.

1 be to reconsidered anew.” (*Id.* at 1–2.) So too here—but more: cancellation of the ’079 and ’908
 2 patent claims will eliminate this case entirely.

3 In any event, the cases that Power Integrations cites in the Joint Notice of Federal Circuit
 4 Decision do not, as Power Integrations implies, divest this Court of the power to enter a stay
 5 when a court of appeals has spoken. (D.I. 1085 at 3 (citing *Yong v. INS*, 208 F.3d 1116, 1119 n.2
 6 (9th Cir. 2000) and *United States v. Cortez-Ruiz*, 225 F. Supp. 3d 1093, 1105–06 (N.D. Cal.
 7 2016).) Rather, those cases stand for the proposition that a district court may not refrain from
 8 applying a court of appeal’s ruling in the hope that the Supreme Court will issue a different
 9 ruling—to wit: “[O]nce a federal circuit court issues a decision, the district courts within that
 10 circuit are bound to follow it and have no authority to await a ruling by the Supreme Court before
 11 applying the circuit court’s decision as binding authority.” *Yong*, 208 F.3d at 1119 n.2. Those
 12 cases do not overturn or even disagree with *Landis*, which holds that a district court has
 13 discretionary power to stay its own proceedings. *Landis*, 299 U.S. at 254; *accord Lockyer*,
 14 398 F.3d at 1109 (“district court has discretionary power to stay proceedings in its own court”).
 15 Indeed, the *Yong* decision that Power Integration relies on itself applies the *Landis* framework to
 16 determine whether a stay was warranted. *Yong*, 208 F.3d at 1119–20.

17 To the extent Power Integrations intends to rely on the dispositions in *Yong* and *Cortez-*
 18 *Ruiz*, it is significant that *Yong* is a habeas corpus case and *Cortez-Ruiz* a motion to dismiss a
 19 felony indictment. The possible harm of a stay to the non-movants in those cases—
 20 imprisonment—is not even remotely comparable to damages, if any, for patent infringement.
 21 Indeed, the *Yong* court specifically noted that “habeas proceedings implicate special
 22 considerations that place unique limits on a district court’s authority to stay a case in the interests
 23 of judicial economy.” *Yong*, 208 F.3d at 1120. Those limits, or anything comparable, do not
 24 apply here.

25 **IV. CONCLUSION**

26 For the foregoing reasons, the Court should stay this case pending the Supreme Court’s
 27 *Dex Media* decision.

28

1 Dated: August 2, 2019

MORRISON & FOERSTER LLP

2
3 By: /s/ Colette Reiner Mayer
4 COLETTE REINER MAYER

5 Attorneys for Defendants
6 FAIRCHILD SEMICONDUCTOR
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9 FAIRCHILD (TAIWAN) CORPORATION

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